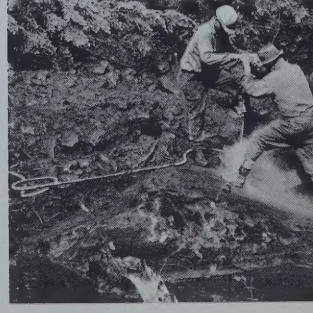
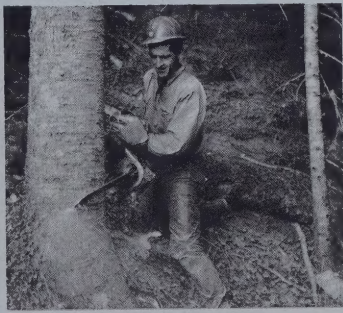
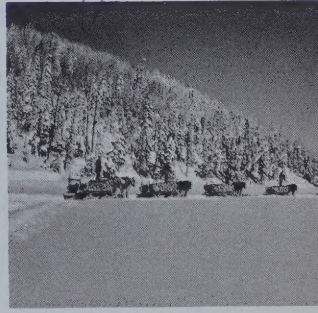
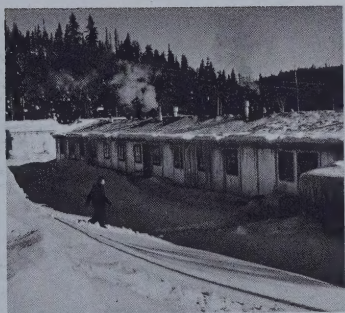


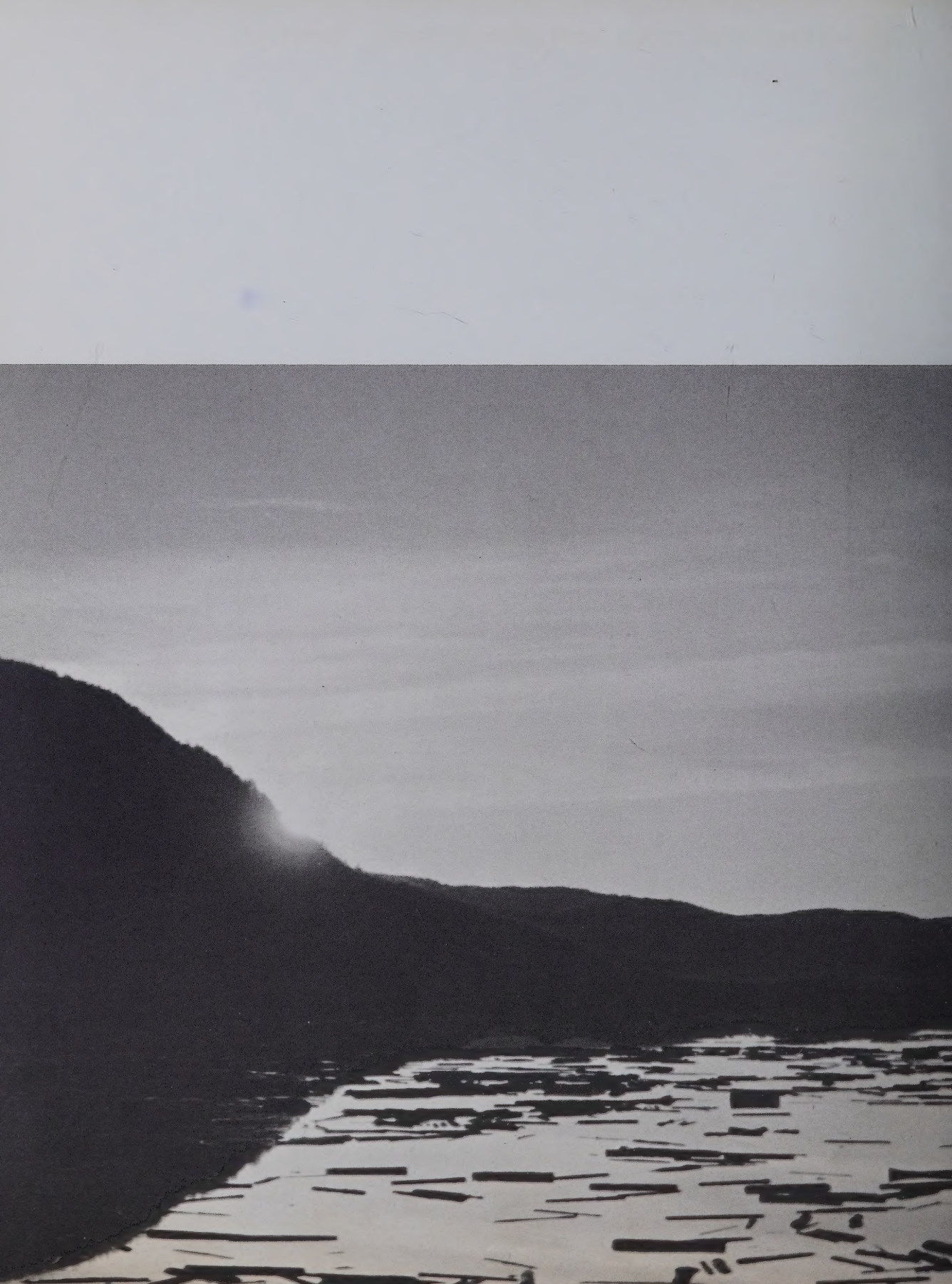
anglo-canadian pulp and paper mills, limited
annual report 1962

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anglo-canadian pulp and paper mills, limited

and subsidiary companies

thirty-seventh annual report, 1962



directors and officers

as at march 14th, 1963

directors

T. E. G. BAKER
M. J. FOLEY
E. L. GOODALL
HAZEN HANSARD, Q.C.
W. H. HOWARD, C.B.E., Q.C.
JAMES O'HALLORAN
H. G. PAUL, M.B.E.
H. D. RUTHMAN
RENAULT ST-LAURENT, Q.C.
L. G. SHARP
W. E. SOLES
P. H. SYKES
P. G. WALKER

officers

Chairman of the Board: W. H. HOWARD, C.B.E., Q.C.
President and General Manager: W. E. SOLES
Vice-President: M. J. FOLEY
Vice-President and Secretary: H. D. RUTHMAN
Treasurer: DAVID YOUNG, C.A.
Comptroller: W. G. D. STANLEY
Assistant Secretary: G. M. HARQUAIL
Assistant Secretary: W. P. CREAGH

subsidiary and associated companies

Anglo Paper Products, Limited
Anglo-Southern Paper Corporation
Dryden Chemicals Limited
Dryden Paper Company, Limited
Forestville Realities Limited
Lignosol Chemicals Limited
St. Charles Transportation Company Limited
The Bersimis Mining Company (No Personal Liability)
Woods-Dryden Paper Bags Ltd.

registrars and transfer agents

For Common Shares
MONTREAL TRUST COMPANY, Montreal

For Preferred Shares
MONTREAL TRUST COMPANY
Montreal, Toronto, Winnipeg, Vancouver, Halifax

auditors

LEVER, HONEYMAN, LEETHAM & Co., Montreal



report of the directors

to the shareholders of the company

Your Directors submit the following report for the year ended December 31, 1962 together with the consolidated financial statements of your Company and the Auditors' report.

earnings and dividends

Consolidated net earnings were \$4,552,116 compared with \$4,719,106 for 1961. After providing for dividends on preferred shares outstanding, earnings



Ce rapport annuel est publié en français et en anglais. Si vous en préférez un exemplaire français, veuillez en faire la demande au Secrétaire
ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED
C.P. 1487, QUÉBEC, P. Q.

production and marketing

North American and world markets for your Company's products have become increasingly competitive. We are meeting this intensified competition by more selective selling in these markets, strengthening of our sales force by special training programs, and increasing our supervisory and technical sales staffs to provide better coverage in key areas. To maintain and strengthen our world-wide marketing organ-

ization continues to be an important objective of your Company.

□ Saleable production at the Quebec and Dryden plants totalled 501,419 tons. The comparable 1961 figure was 501,355 tons.

□ Consolidated net sales of all products which includes exchange premium, amounted to \$63,680,884 in 1962, compared with \$62,678,612 in 1961.

□ There was a substantial increase in the production of pulps and kraft papers but newsprint was down the previous year.

The reduced production of newsprint stemmed from world market conditions which, for a six week period in the spring of 1962, necessitated operations on the basis of a five day week. Despite this the level of production in relation to capacity at the Quebec plant compares most favourably with the industry generally.

The effect of increased production levels at the Dryden plant was overshadowed by price reductions

Production (saleable)

| | 1962 TONS | 1961 |
|----------------------------|----------------|----------------|
| QUEBEC PLANT | | |
| Newsprint | 278,637 | 290,135 |
| Bleached Sulphite Pulp... | 39,549 | 32,169 |
| Paperboard..... | 21,240 | 22,863 |
| | <u>339,426</u> | <u>345,167</u> |
| DRYDEN PLANT | | |
| Bleached Kraft Pulp..... | 86,639 | 82,682 |
| Unbleached Kraft Pulp..... | 25,535 | 25,677 |
| Kraft Paper and Board..... | 49,819 | 47,829 |
| | <u>161,993</u> | <u>156,188</u> |
| TOTALS | <u>501,419</u> | <u>501,355</u> |

in the last quarter on kraft pulps and multiwall papers.

☐ Exports, in particular to the United Kingdom, accounted for most of the increased production of unbleached sulphite pulps.

☐ In the boxboard field competition from the U.S. and from competing packaging media have resulted in the necessity for certain grade changes accompanied by a downward trend in price levels. New production facilities entering the market created further competition, compelling a change in our product mix which is reflected in lower production rates and revenues.

☐ At mid year, the electro-chemical plant of your subsidiary, Dryden Chemicals Limited, began production of bleaching chemicals. Normal start-up problems were encountered, which however were quickly solved and the plant is producing quality products at projected levels, sufficient to meet the bleaching chemicals requirements of the Dryden plant. In addition some excess production was sold in normal markets in the area.

☐ Growth potential was improved by the acquisition of the remainder of the share capital of Woods-Dryden Paper Bags Ltd. We had held a 40% interest for many years. This Company, now a wholly-owned subsidiary, operates bag plants located in Winnipeg and Calgary.

the consolidated financial position

At year end net working capital totalled \$25,144,570. There was a slight decrease of \$75,760 in 1962 compared with an increase of \$1,908,497 in the previous year. The bank loan of \$1,275,000 was repaid during the year.

☐ A planned reduction in inventories of materials and supplies and finished products was carried out during 1962. This resulted in an overall reduction of \$1,229,899 to \$19,950,710.

☐ Anglo-Canadian redeemed \$50,000 of its 6¼%

sinking fund debentures and \$700,000 principal amount of Dryden 4¾% serial and sinking fund debentures were retired.

☐ In total, long term liabilities were reduced by \$1,209,726, leaving a balance of \$17,939,145 at year end.

☐ During the year 2,339 preferred shares of Anglo-Canadian were purchased and cancelled.

☐ The equity of common shareholders advanced from \$35.89 to \$37.17 per share.

plant modernization and expansion

During the year the improvement programs at the Quebec and Dryden plants were continued and, in some areas, accelerated. Net capital expenditures for plant, equipment and townsite and logging improvements totalled \$4,368,259. These expenditures are necessary to keep facilities up to date, to improve quality of product and to provide adequate capacity while retaining sufficient flexibility to meet changes in customer demands and preferences.

☐ Of the total capital expenditures, \$1,373,864 was expended in the Dryden operations. \$128,000 was spent there to complete the new slasher installation for handling 16' wood, at a total cost of \$290,000. Some \$298,000 was expended on the installation of a 300 ton high density unbleached stock storage system. This installation, estimated to cost about \$400,000 when completed, will ensure more flexibility in operations and allow greater utilization of digester capacity.

☐ At the Quebec plant capital expenditures totalled \$1,920,812. The year saw completion of the installation of the new oil-fired steam boiler at a cost within the estimated amount of \$750,000. The boiler went into operation in early November, as planned, and will enable the steam plant to meet increased demand and improve overall efficiency.

☐ An additional barking drum was installed at a cost

of about \$200,000. This permits speeding up the unloading of pulpwood from ships and lessens double-handling to some degree — but perhaps more important is the fact that operating speed of all the barking drums may now be reduced thereby ensuring cleaner wood and, consequently, a cleaner end product.

☐ As a further effort directed towards the production of a cleaner sheet of newsprint with better printability, centricleaners costing \$326,000 were installed on the secondary groundwood stock system and on No. 3 Paper Machine.

☐ Included in capital expenditures is the sum of \$903,170 spent by Dryden Chemicals Limited to complete the construction of its electro-chemical plant.

research and development

The addition of new productive facilities under conditions where the Industry is already operating at 15 to 20% below capacity has caused an even more intensive competitive situation, and has directed the market towards the technical attributes of products with a resultant emphasis on quality.

☐ At your Company's research centres scientists and engineers continue the search for knowledge that can be applied to improving products now being made, to the development of new products, and to a variety of other research and engineering problems.

☐ Following the development and production of special pulps specifically designed for electrical condensers and other applications in the electrical and electronics field, a satisfactory market position has been achieved in these grades.

☐ At the Dryden plant application of new production techniques and additional specialized equipment enable your Company to produce a broader range of paper grades.

timber resources and forest management

During 1962 the Quebec and Dryden plants together consumed 733,122 cords of pulpwood, about 70% of which was drawn from timber limits leased from provincial governments, the remainder being purchased from private wood lot owners and independent cutters.

☐ During the year a periodic forest resources inventory was undertaken to re-assess present timber holdings in relation to future pulpwood requirements.

☐ Continued progress was made by your Company in the further extension of mechanization in logging operations, with improved logging and transportation techniques being developed.

☐ Advanced forest management methods assure your Company's plants of continued adequate supplies of wood, our basic raw material, with major emphasis on economical harvesting and profitable utilization.

industrial and community relations

EMPLOYMENT

Direct wages paid by your Company and its subsidiaries amounted to \$22,589,547. Further, Company contributions to pension, group insurance and medical and hospitalization plans and other employee benefits amounted to \$1,813,528, representing an additional 8¢ for each dollar of direct pay.

☐ At the peak period of the year employment totalled 5,714 persons. Of these, 3,178 were engaged in regular occupations in our plants and offices, while 2,536 men were seasonal workers in our logging operations.

COLLECTIVE BARGAINING

During 1962 employees of your Company and its subsidiaries were represented in collective bargaining by twelve union locals which are in turn affiliated

with seven national or international unions. With two exceptions, Agreements which expired during the year were renewed, with wage increases and additional fringe benefits being granted consistent with trends existing in the Industry and local areas, and resulting in an overall increase in those wage rates of about 3%.

☐ Negotiations with the union local representing office employees in the Dryden plant are continuing.

☐ The Agreement with the union local representing certain employees in the Dryden Woodlands Division terminated on September 30th, 1962. Negotiations leading to a renewal of this Agreement were unsuccessful and, on the recommendation of the Conciliation Officer, the Minister of Labour of the Province of Ontario has appointed a Board of Conciliation to inquire into the dispute.

PENSION PROGRAM

The pension funds under the contributory pension plans for employees of your Company and its subsidiaries are regulated and administered under separate trust arrangements. The funds in these trusts are held for payment of pension benefits and are not the property of your Company or any of its subsidiaries. During 1962 pension payments to retired employees or their beneficiaries totalled \$250,590.

AID TO EDUCATION

Your Company's interest in this field stems from a conviction that all industry will benefit from a high level of technical education in Canada. The Company's continued progress depends in large measure upon having highly qualified men and women in its ranks.

☐ The ANGLO SCHOLARSHIP PLAN provides financial aid to a number of outstanding and deserving students. Currently, nine young men, following courses of their choice at Laval University and

at Queen's University, are receiving aid under this Plan.

☐ During the summer a limited number of students were employed in various divisions and offices of your Company and its subsidiaries, gaining valuable experience as well as providing themselves with material financial assistance for the college year.

TRAINING

The strengthening of our entire organization to meet the demands of this technological era continued. During the year 26 new professional, technical and senior sales personnel joined the organization. "On the job" technical training courses continued for personnel at various operating levels.

To the employees in our organization we express our appreciation for individual and team efforts evidenced by their wholehearted cooperation and the conscientious performance of their duties.

officers

In accordance with the requirements of the employee pension program, Mr. C. H. Smith, F.C.I.S., Treasurer, after thirty-five year's service with the Company, will retire on March 31st, 1963. Anticipating this, Mr. Smith tendered his resignation as Treasurer of the Company on August 10th last. The Board of Directors accepted his resignation with sincere regret. However, Mr. Smith's valuable experience was not lost prematurely, for in the interim he accepted an appointment as Financial Assistant to the President. Mr. David Young, C.A., formerly Secretary-Treasurer of Dryden Paper Company, Limited, has been appointed Treasurer of the Company.

outlook

Your Company is alert to the need of increasing its efficiency, strengthening its market position and acting to capitalize on new profit opportunities to the full limit of its resources. The means available for expansion and modernization are to a large extent related to the profitability of your Company and management is acutely conscious that improvement in your Company's profit performance is essential, not only in the interest of shareholders, but in the interest of job security and opportunity for employees.

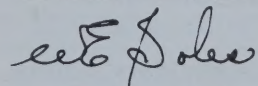
□ During the decade of the sixties standards of living throughout the free world should continue to rise, with an attendant widening use of paper and paper products. Accordingly, we look to the remainder of the 1960's as years of diversification and change as well as growth, with the opportunity of creating within our corporate structure in North America a more fully integrated forest products organization in the pulp, paper and paperboard field.

□ The Company's future and its expansion must be planned within the framework of the very far-

reaching changes which are taking place in world marketing patterns, and which will continue to occur in the coming decade. The growth of the European Common Market, the future alignment of the United Kingdom, the expected advances in the newly independent states of Africa and Asia, the changes in the British Empire Preference tariff formula, and the marked increase in Canada's common interest with the U.S.A., all are factors currently in transition, and present a great challenge in international trade.

□ The two imminent developments in this connection are the proposals for major tariff reductions embodied in the United States Trade Expansion Act of 1962, and the possible changes in the United Kingdom tariff. These have a very important bearing on the Canadian Pulp and Paper Industry, and intensive studies are being made to determine how various segments of the Industry can best adjust to the probable course of events. It is in this context that your Company is preparing plans and policies to meet the major probabilities, in order to be in a position to adapt to any given change as soon as it becomes clearly indicated.

On behalf of the Board



President and General Manager

Quebec, P.Q.
March 14th, 1963.

statement of consolidated financial position

| | | DECEMBER 31 | |
|-----------------------------------------------------------------------------------------------------------------------|--|---------------------|---------------------|
| | | 1962 | 1961 |
| current assets | | | |
| Cash | | \$ 2,087,889 | \$ 2,489,366 |
| Government bonds, at cost (market value \$460,000) | | 498,350 | 498,350 |
| Short term investments, at cost | | 2,051,010 | 948,888 |
| Accounts receivable | | 10,132,288 | 9,643,585 |
| Inventories, note 1 | | 19,950,710 | 21,180,609 |
| Prepaid expenses applicable to future operations | | 291,107 | 404,742 |
| | | <u>35,011,354</u> | <u>35,165,540</u> |
| <i>less</i> current liabilities | | | |
| Bank loan | | — | 1,275,000 |
| Accounts payable | | 5,364,923 | 4,422,590 |
| Dividends payable | | 730,625 | 732,262 |
| Taxes on income | | 2,671,236 | 2,765,358 |
| Debenture instalments due in 1963 | | 1,100,000 | 750,000 |
| | | <u>9,866,784</u> | <u>9,945,210</u> |
| net current assets (working capital) | | <u>25,144,570</u> | <u>25,220,330</u> |
| land, buildings, machinery, equipment and timber limits, | | | |
| less depreciation and depletion, note 2 | | <u>41,113,081</u> | <u>40,905,741</u> |
| other assets | | | |
| Investment in associated and other companies, at cost | | 1,612,853 | 1,648,402 |
| Preferred dividend maintenance fund | | 340,286 | 290,763 |
| Deferred expenditure | | 132,868 | 286,582 |
| Excess cost of shares of subsidiary companies over the book values of their net assets, at dates of acquisition | | 3,628,798 | 3,327,108 |
| | | <u>5,714,805</u> | <u>5,552,855</u> |
| | | <u>71,972,456</u> | <u>71,678,926</u> |
| <i>less</i> long term liabilities | | | |
| Secured loan | | 200,645 | 214,371 |
| Debentures, note 3 | | 17,738,500 | 18,934,500 |
| | | <u>17,939,145</u> | <u>19,148,871</u> |
| shareholders' equity | | <u>54,033,311</u> | <u>52,530,055</u> |
| represented by | | | |
| Preferred shares, note 4 | | 7,034,950 | 7,151,900 |
| Common shares, note 5 | | 25,306,775 | 25,306,775 |
| Earnings retained, note 6 | | 21,130,831 | 19,504,351 |
| Capital surplus, note 7 | | 560,755 | 567,029 |
| | | <u>46,998,361</u> | <u>45,378,155</u> |
| | | <u>\$54,033,311</u> | <u>\$52,530,055</u> |

on behalf of the Board: W. E. Soles, *Director*H. D. Ruthman, *Director*

statement of consolidated income and expenditure

| | YEAR ENDED DECEMBER 31 | |
|------------------------------------------------------------------------------------|------------------------|--------------|
| | 1962 | 1961 |
| income | | |
| Net sales including exchange and after deducting outward freight | \$63,680,884 | \$62,678,612 |
| Investment income | 93,286 | 194,411 |
| Sundry revenue | 184,300 | 198,043 |
| | 63,958,470 | 63,071,066 |
| expenditure | | |
| Cost of products sold including administrative, selling and general expenses . . . | 49,324,250 | 48,559,100 |
| Depreciation and depletion, note 8 | 4,160,919 | 4,045,621 |
| Interest on debentures | 1,035,184 | 889,975 |
| | 54,520,353 | 53,494,696 |
| net operating income | 9,438,117 | 9,576,370 |
| Taxes on income | 4,886,001 | 4,857,264 |
| net earnings for the year | \$ 4,552,116 | \$ 4,719,106 |

statement of consolidated earnings retained

| | YEAR ENDED DECEMBER 31 | |
|--------------------------------------------------------|------------------------|--------------|
| | 1962 | 1961 |
| earnings retained, at beginning of year | \$19,504,351 | \$17,714,622 |
| Add: Net earnings for the year | 4,552,116 | 4,719,106 |
| | 24,056,467 | 22,433,728 |
| Less: Dividends on preferred shares | 397,094 | 400,835 |
| Dividends on common shares | 2,528,542 | 2,528,542 |
| | 2,925,636 | 2,929,377 |
| earnings retained, at end of year, note 6 | \$21,130,831 | \$19,504,351 |

notes to the financial statements

| | YEAR ENDED DECEMBER 31 | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|
| | 1962 | 1961 |
| 1. Inventories are valued at the lower of cost or market and consist of the following: | | |
| Finished products, products in process and mill supplies | \$ 7,558,051 | \$ 6,824,915 |
| Pulpwood and logging supplies — including expenditures on logging operations in progress | 12,392,659 | 14,355,694 |
| | <u>\$19,950,710</u> | <u>\$21,180,609</u> |
| 2. Land, buildings, machinery and equipment: | | |
| At cost | \$94,312,395 | \$90,356,806 |
| At depreciated replacement values as at Sept. 30, 1940 as appraised by the Canadian Appraisal Company Limited | 3,167,962 | 3,167,962 |
| | <u>97,480,357</u> | <u>93,524,768</u> |
| Less accumulated depreciation | 59,708,874 | 56,028,098 |
| Residual amount | <u>37,771,483</u> | <u>37,496,670</u> |
| Timber limits: | | |
| At cost | 4,332,119 | 4,331,974 |
| At valuation placed thereon in 1920 | 2,233,120 | 2,233,120 |
| | <u>6,565,239</u> | <u>6,565,094</u> |
| Less accumulated depletion | 3,223,641 | 3,156,023 |
| Residual amount | <u>3,341,598</u> | <u>3,409,071</u> |
| | <u>\$41,113,081</u> | <u>\$40,905,741</u> |
| 3. Debentures: | | |
| Anglo-Canadian Pulp and Paper Mills, Limited: — | | |
| 6¼% sinking fund debentures, series "A", maturing in 1978 (for which the sinking fund requirements are \$100,000 annually 1963 to 1967, \$250,000 annually 1968 to 1972 and \$500,000 annually 1973 to 1977) | \$ 4,750,000 | \$ 4,800,000 |
| Dryden Paper Company, Limited: — | | |
| 4¼% serial debentures, maturing \$500,000 annually in 1963 and 1964 | 1,000,000 | 1,500,000 |
| 4¼% sinking fund debentures maturing in 1974 (for which the sinking fund requirements are \$200,000 in 1963 and 1964, \$700,000 annually 1965 to 1969 and \$850,000 annually 1970 to 1973) | 10,300,000 | 10,500,000 |
| Dryden Chemicals Limited: — | | |
| 6% serial debentures, maturing \$300,000 in 1963, \$350,000 in 1964, \$400,000 in 1965, \$450,000 in 1966 and \$1,500,000 in 1971 | 3,000,000 | 3,000,000 |
| | <u>19,050,000</u> | <u>19,800,000</u> |
| Deduct: — | | |
| 1963 instalments included in current liabilities | 1,100,000 | 750,000 |
| Dryden Paper Company, Limited 4¼% sinking fund debentures held in anticipation of sinking fund requirements | 211,500 | 115,500 |
| | <u>1,311,500</u> | <u>865,500</u> |
| | <u>\$17,738,500</u> | <u>\$18,934,500</u> |

notes to the financial statements

4. The authorized number of preferred shares is 160,000. These shares are \$2.80 cumulative redeemable sinking fund preferred shares having a par value of \$50.00 each and are redeemable on 30 days notice at \$51.50 each plus accrued dividends.

| | | |
|------------------------------------------------------|----------------|--------------|
| Issued and outstanding — 1961 — 143,038 shares | | \$ 7,151,900 |
| Purchased and cancelled | | |
| during the year | 2,339 shares | |
| Outstanding | 140,699 shares | \$ 7,034,950 |

5. The company is authorized to issue 1,500,000 common shares without nominal or par value.

| | | |
|---------------------------------|--------------|--------------|
| Issued — 1,264,271 shares | \$25,306,775 | \$25,306,775 |
|---------------------------------|--------------|--------------|

6. Included in "Earnings retained" are the following appropriations: —

| | | |
|-----------------------------------------------|------------|------------|
| For preferred share retirement fund | \$ 160,000 | \$ 160,000 |
| For preferred dividend maintenance fund | 340,286 | 290,763 |
| | \$ 500,286 | \$ 450,763 |

| | | |
|--------------------------|------------|------------|
| 7. Capital surplus | \$ 560,755 | \$ 567,029 |
|--------------------------|------------|------------|

The decrease in capital surplus represents the premium and other expenses on the purchase for cancellation of preferred shares and series "A" debentures.

8. Depreciation of buildings, machinery and equipment and depletion of timber limits have been provided as in previous years, at the maximum rates allowed by the Federal Income Tax Act with the exception of Dryden Chemicals Limited, which, on commencement of operations during 1962, adopted the straight-line method of depreciation.

Amounts charged during the year:

| | | |
|--------------------|--------------|--------------|
| Depreciation | \$ 4,093,301 | \$ 3,960,480 |
| Depletion | 67,618 | 85,141 |
| | \$ 4,160,919 | \$ 4,045,621 |

9. The following commitments are not included as liabilities in the statement of consolidated financial position: —

1. Contractual obligations for approximately \$460,000.
2. A demand note of \$1,000,000 deposited with the trustee as required by Trust Agreement relating to the issue of debentures of Dryden Paper Company, Limited.

auditors' report

LEVER, HONEYMAN, LEETHAM & CO.

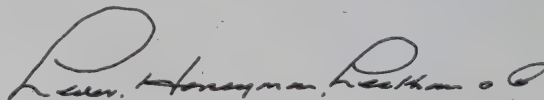
CHARTERED ACCOUNTANTS

MONTREAL, P.Q.

TO THE SHAREHOLDERS,
ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED

We have examined the statement of consolidated financial position of Anglo-Canadian Pulp and Paper Mills, Limited and its subsidiary companies as at December 31, 1962 and the related statements of consolidated income and expenditure and of consolidated earnings retained for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures of the company and of certain of its subsidiary companies and such tests of their accounting records and other supporting evidence as we considered necessary in the circumstances. The accounts of the subsidiary companies not examined by us have been reported on by other auditors.

In our opinion, based upon our examination and the reports of the other auditors referred to above, the accompanying statement of consolidated financial position and related statements of consolidated income and expenditure and of consolidated earnings retained have been properly drawn up to present fairly the consolidated financial position of the companies as at December 31, 1962 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



FEBRUARY 18, 1963

CHARTERED ACCOUNTANTS

statement of source and application of funds

| | YEAR ENDED DECEMBER 31 | |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------|
| | 1962 | 1961 |
| funds provided from: | | |
| Net earnings | \$ 4,552,116 | \$ 4,719,106 |
| Charges not requiring an expenditure of funds: — | | |
| Depreciation and depletion | 4,160,919 | 4,045,621 |
| | <u>8,713,035</u> | <u>8,764,727</u> |
| Issue of Dryden Chemicals Limited 6% serial debentures | — | 3,000,000 |
| | <u>8,713,035</u> | <u>11,764,727</u> |
| funds applied to: | | |
| Additions to properties, plant and equipment (net) | 4,368,259 | 5,354,909 |
| Dividends on preferred shares | 397,094 | 400,835 |
| Dividends on common shares | 2,528,542 | 2,528,542 |
| Debenture instalments due within one year | 1,100,000 | 750,000 |
| Investment in associated and other companies | (35,549) | 369,632 |
| Purchase of Dryden Paper Company, Limited 4% sinking fund debentures .. | 96,000 | 55,500 |
| Purchase for cancellation of 2,339 preferred shares (1,269 in 1961) | 116,950 | 63,450 |
| Increase in preferred dividend maintenance fund | 49,523 | 104,350 |
| Pre-production expenses and debt service cost of Dryden Chemicals Limited deferred in 1961, applied against 1962 earnings | (152,510) | 152,510 |
| Excess cost of shares of a subsidiary company over the book value of its net assets at date of acquisition | 301,690 | — |
| Other Items | 18,796 | 76,502 |
| | <u>8,788,795</u> | <u>9,856,230</u> |
| Working Capital Increase (Decrease) | \$ (75,760) | \$ 1,908,497 |



a ten year comparison

| | *1953 | 1954 | 1955 |
|------------------------------------------------------------------------|--------------|--------------|--------------|
| TONS | | | |
| Total Production | 299,330 | 376,489 | 388,233 |
| THOUSANDS OF DOLLARS | | | |
| Net Sales | 32,550 | 43,373 | 46,587 |
| Depreciation and Depletion | 2,476 | 3,517 | 3,664 |
| Interest on Debentures | — | 220 | 458 |
| Taxes on Income | 3,255 | 4,850 | 5,059 |
| Net Earnings | 3,397 | 4,669 | 5,436 |
| Dividends | 2,318 | 2,976 | 2,977 |
| Capital Expenditures (Net) | 2,728 | 3,246 | 5,312 |
| THOUSANDS OF DOLLARS AT DECEMBER 31 | | | |
| Working Capital | 10,338 | 15,744 | 19,143 |
| Property, Plant and Equipment | 42,577 | 60,560 | 65,367 |
| Accumulated Depreciation and Depletion | 24,009 | 32,932 | 36,083 |
| Long Term Debt | — | 8,225 | 14,343 |
| Shareholders' Equity | 41,584 | 43,092 | 45,830 |
| Shareholders' Equity per Common Share | \$26.59 | \$27.76 | \$29.92 |
| Ratio of Current Assets to Current Liabilities at year-end | | | |
| | 2.88 to 1 | 3.00 to 1 | 3.52 to 1 |
| Dividends per Preferred Share | | | |
| | \$.70 | \$ 2.80 | \$ 2.80 |
| Profit per Common Share | | | |
| | \$ 2.60 | \$ 3.34 | \$ 3.95 |
| Dividends per Common Share | | | |
| | \$ 2.00 | \$ 2.00 | \$ 2.00 |

*Figures do not include those of Dryden Paper Company, Limited which was acquired shortly before the end of the year.



